

EXHIBIT G

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**
Washington, D.C. 20549

FORM 20-F

(Mark One)

☐ **REGISTRATION STATEMENT PURSUANT TO SECTION 12(B) OR 12(G) OF THE SECURITIES EXCHANGE ACT OF 1934**

OR

☒ **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(D) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the fiscal year ended December 31, 2016.

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(D) OF THE SECURITIES EXCHANGE ACT OF 1934**

OR

☐ **SHELL COMPANY REPORT PURSUANT TO SECTION 13 OR 15(D) OF THE SECURITIES EXCHANGE ACT OF 1934**

Date of event requiring this shell company report _

For the transition period from _ to _

Commission file number: 001-35145

NQ MOBILE INC.

(Exact name of Registrant as specified in its charter)

N/A

(Translation of Registrant's name into English)

Cayman Islands

(Jurisdiction of incorporation or organization)

No. 4 Building, 11 Heping Li East Street
Dongcheng District, Beijing 100013
The People's Republic of China
(Address of principal executive office)

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No. 4 Building

11 Heping Li East Street

Dongcheng District

Beijing 100013

The People's Republic of China

(Name, Telephone, E-mail and/or Facsimile number and Address of Company Contact Person)

Securities registered or to be registered pursuant to Section 12(b) of the Act:

Title of Each Class
Class A common shares, par value US\$0.0001 per share

Name of Exchange on Which Registered
New York Stock Exchange*

* Not for trading, but only in connection with the listing on New York Stock Exchange of the American depositary shares, or the ADSs. Currently, one ADS represents five Class A common shares.

Securities registered or to be registered pursuant to Section 12(g) of the Act:

None
(Title of Class)

Securities for which there is a reporting obligation pursuant to Section 15(d) of the Act:

None
(Title of Class)

Indicate the number of outstanding shares of each of the Issuer's classes of capital or common stock as of the close of the period covered by the annual report. 438,236,787 Class A common shares (excluding 10,292,605 Class A common shares represented by ADSs that are reserved for issuance upon the exercise of outstanding options and 892,495 Class A common shares represented by ADSs that have been repurchased but not cancelled), par value US\$0.0001 per share, and 50,352,968 Class B common shares, par value US\$0.0001 per share, as of December 31, 2016.

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☐ No ☒

If this report is an annual or transition report, indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 Yes ☐ No ☒

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," and "emerging growth company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer ☐

Accelerated filer ☒

Non-accelerated filer ☐

Emerging growth company ☐

If an emerging growth company that prepares its financial statements in accordance with U.S. GAAP, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards[†] provided pursuant to Section 13(a) of the Exchange Act. ☐

[†] The term "new or revised financial accounting standard" refers to any update issued by the Financial Accounting Standards Board to its Accounting Standards Codification after April 5, 2012.

Indicate by check mark which basis of accounting the registrant has used to prepare the financial statements included in this filing:

U.S. GAAP ☒

International Financial Reporting Standards as issued
by the International Accounting Standards Board ☐

Other ☐

If "Other" has been checked in response to the previous question, indicate by check mark which financial statement item the registrant has elected to follow. Item 17 ☐ Item 18 ☐

If this is an annual report, indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

(APPLICABLE ONLY TO ISSUERS INVOLVED IN BANKRUPTCY PROCEEDINGS DURING THE PAST FIVE YEARS)

Indicate by check mark whether the registrant has filed all documents and reports required to be filed by Sections 12, 13 or 15(d) of the Securities Exchange Act of 1934 subsequent to the distribution of securities under a plan confirmed by a court. Yes ☐ No ☐

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ITEM 3. KEY INFORMATION

A. Selected Financial Data

The following table presents the selected consolidated financial information for our company. The selected consolidated statements of comprehensive income (loss) data for the three years ended December 31, 2014, 2015 and 2016 and the consolidated balance sheet data as of December 31, 2015 and 2016 have been derived from our audited consolidated financial statements, which are included in this annual report beginning on page F-1. Our selected consolidated statements of comprehensive income (loss) data for the years ended December 31, 2012 and 2013 and our consolidated balance sheet data as of December 31, 2012, 2013 and 2014 have been derived from our audited consolidated financial statements not included in this annual report. We reclassified our revenues into the following categories beginning in 2013: mobile value added services, enterprise mobility, advertising services and other services. As a result, we reclassified the presentation of the revenue categories for the year ended December 31, 2012 in conformity with these new revenue categories. Our selected consolidated financial statements are prepared and presented in accordance with accounting principles generally accepted in the United States, or U.S. GAAP. Our historical results for any period are not necessarily indicative of results to be expected for any future period. You should read the following selected financial information in conjunction with the consolidated financial statements and related notes and the information under “Item 5. Operating and Financial Review and Prospects” included elsewhere in this annual report.

We entered into definitive agreements to sell our equity interests in FL Mobile Jiutian Technology Co., Ltd, or FL Mobile, and Showself (Beijing) Technology Co., Ltd, or Showself (Beijing), which both represent a significant portion of our operations. Pursuant to these agreements, we have transferred our equity interests in FL Mobile and Showself (Beijing), while the purchasers still have certain period to complete their payment obligations. Since these divestments would have a significant effect on the future operating results or would cause the financial information reported currently to not necessarily be indicative of future operating results, the following key financial data is quantified for better understanding of the impact of these divestments: The total net revenues, net income attributable to us, and our non-controlling interests from FL Mobile for the fiscal year ended December 31, 2016 was \$175.5 million, \$32.3 million, and \$12.6 million, respectively. The total net revenues, net income attributable to us, and our non-controlling interests from Showself (Beijing) for the fiscal year ended December 31, 2016 was \$110.7 million, \$9.5 million, and \$4.6 million, respectively. The pro-forma amount of additional goodwill impairment loss would be recognized if Showself (Beijing) were disposed on November 1, 2016 amounted to \$82.3 million. The pro-forma amount of investment gain would be recognized if both FL Mobile and Showself (Beijing) were disposed on December 31, 2016 was \$317 million.

	For the Year ended December 31,				
	2012	2013	2014	2015	2016
	(in thousands of dollars, except for share, per share and per ADS data)				
Selected Consolidated Statements of Comprehensive Income (loss) Data:					
Net revenues:					
Service Revenues					
Mobile value added services	68,335	103,519	106,103	139,588	199,816
Advertising services	8,889	36,623	72,903	71,721	103,295
Enterprise mobility	3,249	14,174	16,035	27,416	2,249
Other services	1,992	3,559	4,641	5,352	742
Product Revenues					
Enterprise mobility	9,303	38,827	132,642	162,614	36,948
Total net revenues	91,768	196,702	332,324	406,691	343,050
Cost of revenues					
Cost of services	(16,773)	(43,557)	(98,235)	(158,446)	(225,594)
Cost of products sold	(8,966)	(37,371)	(128,416)	(160,906)	(35,475)
Total cost of revenues(1)	(25,739)	(80,928)	(226,651)	(319,352)	(261,069)
Gross profit	66,029	115,774	105,673	87,339	81,981
Operating expenses:					
Selling and marketing expenses(1)	(17,396)	(25,810)	(29,962)	(26,752)	(19,980)
General and administrative expenses(1)	(36,776)	(77,026)	(131,001)	(65,458)	(52,553)
Research and development expenses(1)	(9,585)	(17,437)	(25,665)	(29,020)	(22,359)
Impairment loss of goodwill and intangible assets	—	—	—	—	(98,902)
Total operating expenses	(63,757)	(120,273)	(186,628)	(121,230)	(193,794)
Income/(Loss) from operations	2,272	(4,499)	(80,955)	(33,891)	(111,813)
Interest income/(expense), net	3,193	411	(5,360)	(4,662)	(11,017)
Realized gain on investments	—	5	65	1,435	1,241
Realized gain / (loss) on disposal of subsidiaries	—	—	—	56,211	(2,963)
Impairment loss on equity investments	—	—	(5,967)	(15,452)	(12,203)
Foreign exchange gain/(loss), net	67	1,784	(391)	(1,693)	(12)
Gain on change of interest in an associate	943	—	—	—	—

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	For the Year ended December 31,				
	2012	2013	2014	2015	2016
	(in thousands of dollars, except for share, per share and per ADS data)				
Changes in fair value of derivative liability	—	—	—	—	(1,157)
Other income, net	3,364	2,083	19,514	6,778	3,878
Income/(Loss) before income taxes	9,839	(216)	(73,094)	8,726	(134,046)
Income tax (expenses)/benefits	(420)	(1,117)	(5,518)	(9,243)	443
Share of profit from an associate	543	—	—	—	—
Net income/(loss)	9,962	(1,333)	(78,612)	(517)	(133,603)
Net (income)/loss attributable to the non-controlling interest	(532)	(523)	2,215	911	6,010
Net income attributable to the mezzanine classified non-controlling interest	—	—	(251)	(1,697)	—
Net income/(loss) attributable to NQ Mobile Inc.	9,430	(1,856)	(76,738)	(1,303)	(127,593)
Accretion of redeemable convertible preferred shares	—	—	—	—	—
Allocation of net income to participating preferred shareholders	—	—	—	—	—
Net income/(loss) attributable to common shareholders	9,430	(1,856)	(76,738)	(1,303)	(127,593)
Net income/(loss)	9,962	(1,333)	(78,612)	(517)	(133,603)
Other comprehensive income/(loss)					
Foreign currency translation adjustments, net of nil income taxes	390	4,808	362	(38,191)	(28,362)
Comprehensive income/(loss)	10,352	3,475	(78,250)	(38,708)	(161,965)
Comprehensive (income)/loss attributable to the non-controlling interest	(532)	(523)	2,103	4,869	10,579
Comprehensive income attributable to the mezzanine classified non-controlling interest	—	—	(251)	(1,697)	—
Comprehensive income/(loss) attributable to NQ Mobile Inc.	9,820	2,952	(76,398)	(35,536)	(151,386)
Net earnings/(loss) per Class A and Class B common shares					
Basic	0.0401	(0.0068)	(0.1902)	(0.0028)	(0.2588)
Net earnings/(loss) per Class A and Class B common shares					
Diluted	0.0369	(0.0068)	(0.1902)	(0.0028)	(0.2588)
Net earnings/(loss) per ADS(2)					
Basic	0.2005	(0.0340)	(0.9510)	(0.0140)	(1.2940)
Net earnings/(loss) per ADS(2)					
Diluted	0.1845	(0.0340)	(0.9510)	(0.0140)	(1.2940)
Weighted average number of common shares outstanding					
Basic	235,257,651	273,981,547	403,443,828	466,691,632	492,939,263
Diluted	255,722,551	273,981,547	403,443,828	466,691,632	492,939,263

(1) Share-based compensation expenses included:

	For the Year ended December 31,				
	2012	2013	2014	2015	2016
	(in thousands of dollars)				
Cost of revenues	214	370	263	164	(53)
Selling and marketing expenses	2,342	2,310	1,430	683	416
General and administrative expenses	20,534	50,708	81,129	16,077	12,350
Research and development expenses	1,453	2,016	1,022	(366)	(106)

(2) Each ADS represents five Class A common shares. Net earnings/(loss) per ADS is calculated based on net earnings/(loss) per Class A and Class B common shares multiplied by five.

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	As of December 31,				
	2012	2013	2014	2015	2016
	(in thousands of dollars)				
Selected Consolidated Balance Sheet Data:					
Cash and cash equivalents	18,862	179,718	152,984	118,572	91,397
Total current assets	199,856	417,292	420,285	386,300	495,698
Total assets	247,718	609,362	833,808	802,142	853,628
Total current liabilities	32,286	93,883	93,238	276,521	159,643
Total liabilities	34,369	269,206	274,897	283,500	377,864
Mezzanine equity	—	—	21,854	4,211	—
Total shareholders' equity	213,349	340,156	537,057	514,431	475,764

Non-GAAP Financial Measures

To supplement the net income/ (loss) presented in accordance with U.S. GAAP, we use adjusted net income/ (loss) as a non-GAAP financial measure. We define adjusted net income/ (loss) as net income/ (loss) excluding share-based compensation expenses, which has no income tax impacts. We present adjusted net income/ (loss) because it is used by our management to evaluate our operating performance, in addition to net income/ (loss) prepared in accordance with U.S. GAAP. We also believe it is useful supplemental information for investors and analysts to assess our operating performance without the effect of non-GAAP adjustments.

The use of adjusted net income/ (loss) has material limitations as an analytical tool. A limitation of using non-GAAP cost of revenues, operating expenses, income from operations and net income, excluding share-based compensation expenses, which has no income tax impacts, is that these items have been and may continue to be significant expenses in our business for the foreseeable future. In addition, because adjusted net income/ (loss) is not calculated in the same manner by all companies, it may not be comparable to other similar titled measures used by other companies. In light of the foregoing limitations, you should not consider adjusted net income/ (loss) as a substitute for or superior to net income/ (loss) prepared in accordance with U.S. GAAP. We encourage investors and others to review our financial information in its entirety and not rely on a single financial measure.

The following table sets forth the calculation of adjusted net income/ (loss), which is determined by adding back non-GAAP adjustments to our net income/ (loss) presented in accordance with U.S. GAAP.

	As of December 31,				
	2012	2013	2014	2015	2016
	(in thousands of dollars)				
Net income/(loss)	9,962	(1,333)	(78,612)	(517)	(133,603)
Add: share-based compensation expenses	24,543	55,404	83,844	16,558	12,607
Adjusted net income/(loss)	34,505	54,071	5,232	16,041	(120,996)

Selected Operating Data

We monitor certain key operating metrics that we believe are important to our financial performance. As our business evolves and we focus more on the smart car opportunities, we may change the method of calculating our key operating metrics to address uncertainties in these metrics or add new key operating metrics to reflect the changes in our business.

Beginning in the third quarter of 2014, we redefined the operating metrics of monthly active user accounts, or MAUs, to include many businesses previously not included in our user account metrics. As such, the MAUs presented herein should not be compared to operating metrics previously reported in historical periods because there is not a way to meaningfully compare such results.

Our average MAUs for the three months ended December 31, 2016 was 146.0 million.

B. Capitalization and Indebtedness

Not applicable.

C. Reasons for the Offer and Use of Proceeds

Not applicable.

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D. Risk Factors

Risks Related to Our Business and Industry

Substantial uncertainties exist with respect to the prospect of our operation after we entered into definitive agreements to sell our equity interests in FL Mobile and Showself (Beijing).

We entered into definitive agreements to sell our equity interests in FL Mobile and Showself (Beijing), which both represent a significant portion of the our operations. Pursuant to these agreements, we have transferred our equity interests in FL Mobile and Showself (Beijing), while the purchasers still have certain period to complete their payment obligations. The total net revenues, net income attributable to us and our non-controlling interests from FL Mobile for the fiscal year ended December 31, 2016 were \$175.5 million, \$32.3 million, and \$12.6 million respectively. The total net revenues, net income attributable to us and our non-controlling interests from Showself (Beijing) for the fiscal year ended December 31, 2016 were \$110.7 million, \$9.5 million, and \$4.6 million respectively.

Although we believe divestment of FL Mobile and Showself (Beijing) help release the undervalued equity value of our shares and therefore benefit our shareholders, uncertainties exist as to the prospect of our operations after we disposed our main revenue generators. Our revenues might drop, perhaps significantly, in the future, if our remaining businesses can not generate enough revenues to fill the contribution by FL Mobile and Showself (Beijing).

We have not received all considerations for the sale of FL Mobile and Showself live social video business. Uncertainties exist as to whether the counterparties will perform pursuant to the contracts, and we may have to incur expenses to enforce the payment or revert the transactions.

We sold (i) 16.34% equity interests in FL Mobile to Dr. Vincent Wenyong Shi, our chairman and chief operating officer in March 2016, (ii) total of 20.66% of equity interests in FL Mobile to several affiliates of Beijing Jinxin in May 2016 and August 2016, and (iii) the remaining 63% equity interests in FL Mobile and all our interests in Showself (Beijing) to an affiliate private equity investment fund of Tsinghua Tongfang in March 2017. Pursuant to the contracts with these purchasers of FL Mobile and Showself (Beijing), we have completed the delivery of our interests in FL Mobile and Showself (Beijing), while the purchasers still have certain period to complete its payment obligations. As of the date of this annual report, outstanding purchase price from these purchasers were RMB3,572.1 million, including RMB326.8 million by Dr. Vincent Wenyong Shi, RMB75.3 million by affiliates of Beijing Jinxin and RMB3,170 million by the affiliate fund of Tsinghua Tongfang. Uncertainties exist as to whether the purchasers will make their payment of purchase price according to the timetable set out in our contracts with them. In the event that any purchaser fails to perform pursuant to the contract, we will have to seek legal proceedings to enforce the payment or revert the transaction, which may result in substantial costs and divert management's attention and resources, and consequently seriously harm our business.

The mobile security, privacy and productivity industry may not grow as quickly as expected, which may materially and adversely affect our business and prospects of future growth.

A portion of our business and prospects depend on the continued development of the mobile security, privacy and productivity industry in China and overseas. As an industry with intense competition, the mobile security, privacy and productivity industry has only begun to experience substantial growth in recent years both in terms of number of users and revenues. We cannot assure you, however, that the industry will continue to grow as rapidly as it has in the past. The growth of the mobile security, privacy and productivity industry is affected by numerous factors, such as users' general communication experience, technological innovations, development of smart devices and other mobile devices, development of mobile internet-based telecommunication services and applications, regulatory changes and the macroeconomic environment. If the mobile security, privacy and productivity industry in China or globally does not grow as quickly as expected or if we fail to benefit from such growth by successfully implementing our business strategies, our business and prospects may be materially and adversely affected.